



IDAHO STATE LIQUOR DIVISION
PURCHASING AND DISTRIBUTION SECTION
BOISE, IDAHO

August 18, 2009

PROCEDURAL CHANGE ALERT TO ALL SUPPLIERS—
CHANGES TO IMPROVE RECEIVING

The Idaho State Liquor Division has implemented our new Warehouse Management System. This has already begun to produce benefits, especially in the area of expedited and more accurately prepared outbound orders.

It has, however, caused us to shift focus to the Receiving and Storage functions. We have to be quicker when we receive freight and put it into either its storage or picking locations. The real time nature of order processing compels us to keep reserve storage and picking faces full all the time.

The nature of our new WMS requires that every inbound product be unloaded, and organized with identical products immediately upon arrival. This is a time-consuming process, and as we grow into it, we are finding that time spent unloading inbound trailers has increased significantly. We are presently forced to allow 3 hours to unload and organize individual trailer loads, meaning our daily workload has down-sized from a typical 7 trailers per day to as few as 3, which is costly for us, and ultimately, for you.

Significant amounts of time are spent “rearranging” products that arrive in less than full pallet quantities. In order to reduce the labor time spent separating and setting up unique pallets of like products, we have to institute the following steps:

1. If a pallet contains multiple different SKU's (stock keeping units) each different product must be separated by and on it's own 4 way pallet. The entire stack of product may come in via slip sheet, but ISLD must be able to easily separate the different products, without extra hand unloading and stacking or by using a carton clamp to separate the products.

Starting September 1, 2009, if a single pallet load contains multiple products, and the layers aren't separated by a pallet, ISLD will assess Extra Handling Fees.

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2. If a supplier sends several layers of the same SKU, these layers must be on the same inbound pallet or slip sheet. We have had far too many instances of three layers of the same product arriving on three different pallets or on three different slip sheets combined with different products.

Starting September 1, 2009, if a product is separated and loaded on different pallet loads, and ISLD must combine these layers ISLD will assess Extra Handling Fees.

3. Often a Supplier may deliver several boxes of a REGULAR product in a quantity that is less than a full layer. This requires considerable hand work to unload these odd lot numbers of cases and put them on a separate pallet for putaway and storage.

Unless the product is SPECIAL ORDER product, supported by a unique ISLD Purchase Order, we expect that the number of cases shipped be equal to a full layer. If the amount being shipped is a layer and a portion of a layer, the delivery should be two layers, a layer and a half is no longer acceptable.

We realize this may go against previously communicated goals to reduce the amount of inventory shipped in to Idaho. The difference between a full layer and a partial layer is insignificant compared to the cost of hand unloading and restacking the odd lot cases in our new world.

Effective September 1, unless a Purchase Order specifies a smaller quantity, ISLD expects minimum deliveries to be in full layer quantities. ISLD will assess Extra Handling Fees if the quantity received is less than a full layer.

In closing, our intent is to maximize the resources and methods that the WMS brings to ISLD, and make the receipt, storage and issuance of your products as efficient and effective as possible. We always prefer easy handling of your products more than assessing Extra Handling Fees. With minor alterations on your end we can jointly address the challenges of prompt and accurate receiving and material handling. We hope, in time, that these changes will help reduce our unloading time, improve our efficiency, and allow us to maximize our daily productivity. Meanwhile, we ask for your patience and understanding.

Please call if you have any questions.

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